

FISCAL REGULATORS

The following practices govern Delaware's financial operations:

State Fiscal Year – The state fiscal year runs from July 1 through June 30.

Appropriation Limit – Frequently referred to as the “98% rule,” the State Constitution restricts annual appropriations to 98 percent of the sum of estimated revenues plus the unencumbered General Fund balance from the previous year. To appropriate more than the 98% of available resources, the Legislature must declare an emergency.

Debt Limit – Delaware's borrowing practices are governed by a three restrictions:

1. Frequently referred to as the “five percent rule,” the amount of new tax supported obligations of the State that may be authorized in one fiscal year may not exceed five percent of the estimated net General Fund revenue for that year.
2. No tax-supported obligations of the State and no transportation trust fund (TTF) debt obligations may be incurred if the aggregate maximum annual payments on all such outstanding obligations exceed 15 percent of the estimated General Fund and TTF revenue.
3. No general obligation debt may be incurred if the maximum annual debt service payable in any fiscal year on all such outstanding obligations will exceed the estimated cumulative cash balances.

Budget Reserve Account – Also known as the “Rainy Day Fund,” within 45 days after the end of any fiscal year, the excess of any unencumbered funds remaining from said fiscal year shall be paid by the Secretary of Finance into the Budget Reserve Account, provided, however, that no such payment will be made which would increase the total of the Budget Reserve Account to more than five percent of the estimated gross General Fund revenues. The General Assembly, by three-fifths vote of the elected members of each house, may appropriate from the Budget Reserve Account such additional sums as may be necessary to fund any unanticipated deficit in any given fiscal year or to provide funds required as a result of any revenue reduction enacted by the General Assembly.